

# Auditing Procedures Report

Instructions and MuniCodes

\*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* ORLEANS TOWNSHIP	County* IONIA	Type* TOWNSHIP	MuniCode* 34-1-120
Opinion Date-Use Calendar* Aug 9, 2008	Audit Submitted-Use Calendar* Sep 17, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 330,785.00
General Fund Expenditure:	<input type="checkbox"/> \$ 335,177.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 274,645.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* LAWRENCE	Last Name* TIEJEMA	Ten Digit License Number* 1101026843		
CPA Street Address* 31 E MAIN ST PO BOX 10	City* SARANAC	State* MI	Zip Code* 48881	Telephone* +1 (616) 642-0384
CPA Firm Name* LAWRENCE TIEJEMA, PC	Unit's Street Address* 31 E MAIN ST PO BOX 10	Unit's City* SARANAC	Unit's Zip* 48881	

# ORLEANS TOWNSHIP

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MARCH 31, 2008

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**Lawrence Tiejema, PC    Certified Public Accountant**  
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**fax: 616-642-0610    email: tiej@sbcglobal**

**INDEPENDENT AUDITOR'S REPORT**

August 9, 2008

The Township Board  
Orleans Township  
Ionia County, Michigan

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and the aggregate remaining fund information of Orleans Township, Ionia County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the discretely presented component unit, and the aggregate remaining fund information of Orleans Township, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated August 9, 2008, on my consideration of Orleans Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 5 to 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Orleans Township's basic financial statements. The governmental, enterprise, and component unit's financial statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

*Lawrence Tiejema*

Lawrence Tiejema, PC

August 9, 2008

## **Management Discussion and Analysis**

Orleans Township addressed some emergency situations at the library, cemetery, and sewer system and held the line on expenses during the fiscal year that ended March 31, 2008

### **Financial Highlights**

- (1) The township completed the purchase of a 1982 GMC tanker truck for the Fire Department at a total cost of \$16,350. During the year the Fire Department also purchased 4 pagers for \$1,720.
- (2) A guardrail was installed for the township for the protection of the generator for \$1,173. The installation that was completed by the Ionia County Road Commission was paid by the sewer district.
- (3) A lightning strike destroyed the computers in the Community Library. New computers were purchased at a replacement cost of \$2,671. Except for \$250, the replacement cost was covered by insurance.
- (4) The Township hired Lilly Tree Service to remove trees and grind stumps to protect the tombstones at the cemetery for \$4,300. However, cemetery expenses fell by \$4,592 as less routine maintenance was required.
- (5) Income from refunds and reimbursements rose substantially. In addition to insurance reimbursements, the township received \$9,739 from Willow Point Dairy for the spreading of 1,400 yards gravel on Flannigan Road.
- (6) During the year ended March 31, 2008, township legal expenses rose by \$2,282. These legal expenses were related to the legal cost of negotiating of a uniform video franchise.
- (7) Expenditures exceeded revenues by \$4,392 in the year ended March 31, 2008, lowering fund balance to \$274,645. Even with this reduction, fund balance is 82% of last year's general fund expenses.
- (8) Township insurance rates rose from \$12,965 to \$14,112.
- (9) Stamps and seals were purchased at a cost of \$1,011 for the completion of a community survey conducted by the Planning Commission. The survey was conducted as a part of developing a new master plan.

## **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, recreation and cultural, cemetery, and planning. The business-type activity of the Township is the Sewer Fund. The government-wide financial statements included not only Orleans Township (known as the primary government), but a legally separate Building Authority for which the Township is financially accountable. Financial information for this component unit is located on pages 38-40 of the Notes to the Financial Statements.

**Fund financial statements.** A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. (All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds).

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government wide-financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The basic governmental fund financial statements can be found on pages 15-18 of this report.

**Proprietary funds.** The township maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its sewer system operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 19-21 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Orleans Township has one fiduciary fund, the Tax Agency Fund. The basic fiduciary fund statements for the Tax Agency Fund can be found on page 22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 23-46 of this report.

## Orleans Township's Net Assets

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 287,002	\$ 2,299,728	\$ 2,586,730
Capital assets	138,903	4,165,428	4,304,331
Total assets	425,905	6,465,156	6,891,061
Long-term liabilities outstanding	-	1,317,313	1,317,313
Other liabilities	12,357	1,855,309	1,867,666
Total liabilities	12,357	3,172,622	3,184,979
Net assets:			
Invested in capital assets, net of related debt	138,903	2,848,115	2,848,115
Restricted	-	112,774	112,774
Unrestricted	274,645	331,645	606,290
<b>Total net assets</b>	<b>\$ 413,548</b>	<b>\$ 3,292,534</b>	<b>\$ 3,706,082</b>

The liabilities or accounts payable of the general fund rose by \$2,393 over the prior year. The main factor in the increase was a repair expense of \$2,326 on an emergency vehicle. Accounts payable consist of services performed and wages earned before April 1, 2008, that were paid after the beginning of the next year. The capital assets of the general fund fell by \$4,264 as new equipment purchased was exceeded by current depreciation expense.

The current and other assets and long-term liabilities of the Sewer Fund dropped as the residents served by the sewer system paid down their special assessments, and the township paid down its debt incurred to build the sewer system. The township paid \$45,300 against the principal on the three loans outstanding on the sewer system. The two loans on District 2 mature in 2040 while the loan on the Bricker Park district matures in 2015.



### Orleans Township's Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenue:			
Program revenue:			
Charges for services	\$ 48,346	\$ 225,221	\$ 273,567
General revenue:			
Property taxes	74,406	-	74,406
State sources	188,237	-	188,237
Other	19,796	13,101	32,897
Total revenue	<u>330,785</u>	<u>238,322</u>	<u>569,107</u>
Expenses:			
General government	112,154	-	112,154
Legislative	13,961	-	13,961
Public safety	94,893	-	94,893
Public works	80,827	-	80,827
Recreation and culture	4,587	-	4,587
Planning	2,306	-	2,306
Cemetery	16,601	-	16,601
Insurance	14,112	-	14,112
Sewer	-	230,101	230,101
Total expenses	<u>339,441</u>	<u>230,101</u>	<u>569,542</u>
<b>Increase (decrease) in assets</b>	<b>(8,656)</b>	<b>8,221</b>	<b>(435)</b>
Net assets - beginning of year	422,204	3,284,313	3,706,517
<b>Net assets - end of year</b>	<b><u>\$ 413,548</u></b>	<b><u>\$ 3,292,534</u></b>	<b><u>\$ 3,706,082</u></b>

The revenues of the general fund fell slightly while its expenses increased slightly. Last year, a federal grant of voting machines inflated income. State revenue sharing increased by \$1,556 while revenues from the cemetery dropped from \$14,731 to \$8,241. This follows a pattern of reduced citizen expenditures due to the slowdown in the Michigan economy. Expenses for the cemetery fell while the costs for public safety, insurance, and planning increased. Public safety increases were led by an increase of \$8,518 in fire department expenses, while the costs of ambulance and township deputy fell slightly. The increase in planning commission expenses occurred from the creating and mailing of the community survey in connection with the update in the township's master plan.

For the Sewer Fund, revenues dropped as the balance due from residents on the sewer assessments dropped. As residents who use the sewer systems continue to pay down their sewer and hook-up assessments, interest income decreases. At the same time, Sewer Fund expenses increased by \$899. The expenses consist of wages, administrative expenses, and repair and maintenance on the system. The payment of usage charges covers only 26% of the fund's expenses. The principal and interest payments on sewer and hook-up assessments make up the rest of the Sewer Fund's revenue. Cash assets of \$459,739 in the Sewer Fund are sufficient to pay all sewer expenses and bond payments for more than two years.

### **Orleans Township's Capital Assets**

	<b><u>Capital Assets (net of depreciation)</u></b>		
	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
Land	\$ 20,000	\$ 40,000	\$ 60,000
Machinery and equipment	118,903	358	119,261
Utility systems		4,125,070	4,125,070
<b>Total</b>	<b><u>\$ 138,903</u></b>	<b><u>\$ 4,165,428</u></b>	<b><u>\$ 4,304,331</u></b>

The General Fund purchased \$20,741 in new assets in the year ended March 31, 2008, compared to depreciation expense of \$25,005. Therefore, capital assets dropped by \$4,264. The main purchases were the 1982 GMC tanker truck for the fire department for \$16,350 and the purchase of computers for the library of \$2,671.

The Sewer Fund paid \$1,173 for a guard rail to the protect the generator. During the year, depreciation expense was \$94,630, lowering the Sewer Fund's capital assets by \$93,457. However, as the equipment is depreciated, the loans on the sewer system are being paid down.

## **Orleans Township – Past and Present**

During the fiscal year ended March 31, 2008, the Board upgraded Fire Equipment with a new tanker truck and new pagers. We cleaned up the Orleans Cemetery by taking out some of the old decaying and dead trees and brush that was a detriment to the headstones. The road budget was increased by \$20,000 for the year. Lightning from a storm damaged the computers in the Library and the Fire Barn, and they were replaced with insurance money. Our insurance rates increased by \$1,147. The Planning Commission sent out questionnaires on the performance of the Township and what the residents would like to see in the future.

The Township Board continues to respond to the need of its citizens when problems arise. Over the year, the Board has built up a fund balance that could be used in emergencies. The current fund balance in the General Fund will pay for the normal General Fund expenses for 10 months.

The challenge of the Township is the maintenance of the roads. Also, the residents still want to see repair and replacement of the section of Orleans Road that runs through the village, but the Ionia County Road Commission does not have funds at this time. We still continue to make this a priority with the County. The Township still must remain conservative in its spending due to cut backs at the state level.

**ORLEANS TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2008**

	<b>Primary Government</b>			
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>	<b>Component Unit</b>
<b>Assets</b>				
Cash and deposits	\$ 272,008	\$ 459,739	\$ 731,747	\$ 1,151
Receivables				
Taxes	8,382	20,399	28,781	
Accounts receivable				1,108
Special Assessments		1,819,590	1,819,590	
Due from other funds	6,612	-	6,612	
Contract Receivable				280,280
Land		40,000	40,000	
Capital assets, net of accumulated depreciation	138,903	4,125,428	4,264,331	253,201
<b>Total Assets</b>	<b>425,905</b>	<b>6,465,156</b>	<b>6,891,061</b>	<b>535,740</b>
<b>Liabilities</b>				
Accounts payable	12,357	5,819	18,176	
Accrued interest payable		29,901	29,901	1,108
Unearned revenue		1,819,589	1,819,589	
Non-current liabilities:				
Due within one year		52,500	52,500	3,500
Due in more than one year		1,264,813	1,264,813	276,780
<b>Total Liabilities</b>	<b>12,357</b>	<b>3,172,622</b>	<b>3,184,979</b>	<b>281,388</b>
<b>Net Assets</b>				
Invested in capital assets, net				
of related debt	138,903	2,848,115	2,987,018	(27,079)
Restricted for:				
Debt service		112,774	112,774	280,280
Unrestricted	274,645	331,645	606,290	1,151
<b>Total net assets</b>	<b>\$ 413,548</b>	<b>\$ 3,292,534</b>	<b>\$3,706,082</b>	<b>\$ 254,352</b>

The accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED MARCH 31, 2008**

<u>Functions/ Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Net (Expense) Revenues</u>
<b>Primary government</b>			
Governmental activities:			
General government	\$ 112,154	\$ 32,467	\$ (79,687)
Legislative	13,961	-	(13,961)
Public safety	94,893	1,107	(93,786)
Public works	80,827	6,331	(74,496)
Recreation and culture	4,587	-	(4,587)
Planning	2,306	200	(2,106)
Cemetery	16,601	8,241	(8,360)
Insurance	14,112	-	(14,112)
Total government activities	<u>339,441</u>	<u>48,346</u>	<u>(291,095)</u>
Business-type activity:			
Sewer	<u>230,101</u>	<u>225,221</u>	<u>(4,880)</u>
Total primary government	<u>569,542</u>	<u>273,567</u>	<u>(295,975)</u>
<b>Component unit</b>			
Building Authority	<u>\$ 21,214</u>	<u>\$ 13,541</u>	<u>\$ (7,673)</u>

(Continued)

The accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED MARCH 31, 2008**

	<b>Primary Government</b>		<b>Total</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>		
Changes in net assets				
Net (expense) revenue	\$ (291,095)	\$ (4,880)	\$ (295,975)	\$ (7,673)
General revenues:				
Property taxes	74,406		74,406	
State revenue sharing	188,237		188,237	
Investment earnings	14,113	13,101	27,214	
Other revenue	5,683			
Total general revenues	282,439	13,101	295,540	
Change in net assets	(8,656)	8,221	(435)	(7,673)
Net assets, beginning of year	422,204	3,284,313	3,706,517	262,025
Net assets, end of year	\$ 413,548	\$ 3,292,534	\$ 3,706,082	\$ 254,352

(Concluded)

The accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2008  
GENERAL  
FUND**

<b>ASSETS:</b>	
Cash and deposits	\$ 272,008
Receivables:	
Taxes	8,382
Due from other funds	6,612
TOTAL ASSETS	<u>287,002</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES:</b>	
Accounts payable and accrued expenditures:	
Wages payable	5,379
Payroll taxes	411
Accounts payable	6,567
TOTAL LIABILITIES	<u>12,357</u>
FUND BALANCE	
Undesignated	<u>274,645</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 287,002</u>

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF THE GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET ASSETS**

Fund balance -- total governmental funds.....	\$ 274,645
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add -- land.....	20,000
Add -- capital assets.....	446,987
Deduct -- accumulated depreciation.....	(328,084)
Net assets of governmental activities.....	<u>\$ 413,548</u>

he accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008**

	GENERAL FUND
REVENUES:	
Property taxes	\$ 74,406
Licenses & permits	900
State sources	188,237
Charges for services	46,339
Fines and forfeitures	1,107
Interest	14,113
Other	5,683
TOTAL REVENUES	<u>330,785</u>
EXPENDITURES:	
General government	103,685
Legislative	13,961
Public safety	96,748
Public works	80,827
Recreation and culture	6,991
Planning	2,306
Cemetery	16,547
Insurance	14,112
TOTAL EXPENDITURES	<u>335,177</u>
REVENUES OVER EXPENDITURES	<u>(4,392)</u>
NET CHANGE IN FUND BALANCES	(4,392)
FUND BALANCE, BEGINNING OF YEAR	<u>279,037</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 274,645</u></u>

The accompanying notes are an integral part of the financial statements



**ORLEANS TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008**

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND  
BALANCES OF GOVERNMENT FUNDS TO THE  
STATEMENT OF ACTIVITIES**

Net change in fund balances -- total government funds.....	\$ (4,392)
Government funds expense capital outlays in the current year while the Statement of Net Assets allocates them over useful life:	
Add capital outlay.....	20,741
Deduct - depreciation expense.....	(25,005)
Change in net assets of government activities.....	<u>\$ (8,656)</u>

The accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED MARCH 31, 2008**

	BUDGETED AMOUNTS			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Property taxes	\$ 75,300	\$ 75,300	\$ 74,406	\$ (894)
Licenses and permits	1,344	1,344	900	(444)
State sources	193,000	193,000	188,237	(4,763)
Charges for services	39,850	39,850	46,339	6,489
Fines and forfeitures	3,000	3,000	1,107	(1,893)
Interest	15,000	15,000	14,113	(887)
Other	20,400	20,400	5,683	(14,717)
TOTAL REVENUES	347,894	347,894	330,785	(17,109)
EXPENDITURES				
General government	123,509	124,457	103,685	20,772
Legislative	17,275	17,513	13,961	3,552
Public safety	82,925	100,412	96,748	3,664
Public works	78,200	81,939	80,827	1,112
Recreation and culture	6,075	7,950	6,991	959
Planning	4,100	5,011	2,306	2,705
Cemetery	24,900	24,912	16,547	8,365
Insurance	12,000	14,112	14,112	-
TOTAL EXPENDITURES	348,984	376,306	335,177	41,129
REVENUES OVER (UNDER) EXPENDITURES	(1,090)	(28,412)	(4,392)	24,020
NET CHANGE IN FUND BALANCES	(1,090)	(28,412)	(4,392)	24,020
FUND BALANCE, BEGINNING OF YEAR	279,037	279,037	279,037	-
FUND BALANCE, END OF YEAR	\$ 277,947	\$ 250,625	\$ 274,645	-

The accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP  
STATEMENT OF NET ASSETS  
SEWER ENTERPRISE FUND**

**MARCH 31, 2008**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and deposits	\$ 346,965
Accounts receivable	20,399
Special assessments -- current portion	54,588
<b>Total current assets</b>	<b>421,952</b>
<b>Noncurrent Assets</b>	
Restricted cash deposits	112,774
Special assessments receivable	1,765,002
Property, plant, and equipment, net of accumulated depreciation	4,165,428
<b>Total noncurrent assets</b>	<b>6,043,204</b>
<b>Total Assets</b>	<b>6,465,156</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	5,819
Accrued interest payable	29,901
Bonds payable -- current portion	52,500
<b>Total current liabilities</b>	<b>88,220</b>
<b>Noncurrent liabilities</b>	
Deferred revenue	1,819,589
Sewer Bonds Payable	1,264,813
<b>Total noncurrent liabilities</b>	<b>3,084,402</b>
<b>Total Liabilities</b>	<b>3,172,622</b>
<b>Net assets</b>	
Invested in capital assets, net or related debt	2,848,115
Restricted for debt service	112,774
Unrestricted	331,645
<b>Total net assets</b>	<b>\$ 3,292,534</b>

The accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS  
SEWER ENTERPRISE FUND**

**MARCH 31, 2008**

<b>Operating revenues</b>	
Charges for services:	
Usage fees	\$ 56,935
Permits	110
Other charges	1,589
Total charges for services	58,634
<b>Total operating revenues</b>	<b>58,634</b>
<b>Operating expenses</b>	
Administration	26,251
Plant operation and maintenance	46,673
Depreciation	94,630
<b>Total operating expenses</b>	<b>167,554</b>
<b>Operating income</b>	<b>(108,920)</b>
<b>Nonoperating revenue (expenses)</b>	
Special assessments	89,498
Special assessment interest	77,089
Interest income	13,101
Bond interest expense	(62,547)
<b>Total non-operating revenues (expenses)</b>	<b>117,141</b>
 Change in net assets	 8,221
 Net assets, beginning of year	 3,284,313
 <b>Net assets, end of year</b>	 <b>\$ 3,292,534</b>

The accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP  
STATEMENT OF CASH FLOWS  
SEWER FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008**

<b>Cash from operating activities</b>	
Cash received from customers	\$ 83,031
Cash received from insurance reimbursement	1,589
Cash paid for administration	(9,713)
Cash paid to suppliers	(41,964)
Cash paid to employees	(16,833)
<b>Net cash provided by operating activities</b>	<u>16,110</u>
<b>Cash flows from capital and related financing activities</b>	
Principal paid on bonds	(108,921)
Interest paid on bonds	
Cash received from assessment payoffs	21,770
Cash received from special assessments	123,379
Purchase of new equipment	(1,173)
<b>Net cash (used in) capital and relating financing activities</b>	<u>35,055</u>
<b>Cash flows from investing activities</b>	
Interest received on deposits and investments	13,101
<b>Net increase (decrease) in cash and cash equivalents</b>	64,266
Cash and cash equivalents at the beginning of the year	395,473
<b>Cash and cash equivalents at the end of the year</b>	<u><u>\$ 459,739</u></u>
<b>Reconciliation of net income to net cash provided by operating activities</b>	
Net income	\$ 8,221
Adjustments to reconcile net income to cash provided	
Changes in assets and liabilities which provided (used) cash	
Accounts receivable	94,047
Accounts payable	3,340
Deferred revenue	(89,498)
<b>Net cash provided by operating activities</b>	<u><u>\$ 16,110</u></u>

The accompanying notes are an integral part of the financial statements

**ORLEANS TOWNSHIP  
FIDUCIARY FUND**

**TAX AGENCY FUND**

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**STATEMENT OF NET ASSETS  
MARCH 31, 2008**

**Assets**

Cash in bank	\$	8,295
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**Liabilities**

Due to other funds		6,612
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Due to other governments		1,683
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Total liabilities	\$	8,295
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**STATEMENT OF RECEIPTS AND DISBURSEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

**Receipts**

Tax Collections	\$	1,751,732
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Interest and penalty income		3,004
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Total cash receipts		1,754,736
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**Disbursements**

Tax payments to government agencies		1,749,842
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Refunds		459
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Collection fees and expenses		239
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Total cash disbursements		1,750,540
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Total receipts over (under) disbursements		4,196
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Cash balance at the beginning of the year		4,099
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Cash balance at the end of the year	\$	8,295
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**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Orleans Township was organized on March 25, 1846, under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: public safety (police, fire, ambulance), road maintenance, sewer, parks and recreation, cemetery, public improvements, planning, and general administrative services.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

**The Reporting Entity**

As required by generally accepted accounting principles, these financial statements present the financial statements of the Township and its component unit, an entity for which the Township is considered to be financially accountable. Discretely presented component units, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Township.

**Discretely Presented Component Unit**

The Orleans Building Authority (BA) was created by Orleans Township in 2000 to construct a township hall and fire barn. The purpose of the Building Authority was to issue bonds and supervise the construction of the building. The Building Authority is now responsible for making bi-yearly principal/interest payments on the two building bonds. Revenue for paying off the bonds comes from rent/lease payments made by the General Fund of Orleans Township. The BA is under the supervision and control of a four member board consisting of a supervisor and three other members.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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The Township approves the BA's budget and has the ability to significantly influence operations of the BA.

Separate financial statements are included on pages 38 – 40 of the Notes to the Financial Statements.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as are the proprietary funds. Agency funds follow the accrual basis of accounting, and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



## ORLEANS TOWNSHIP

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer enterprise funds are charges for services. Operating expenses for the enterprise fund include wages, supplies, utilities, charges for services, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **Fund Accounting**

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major government fund:

**General Fund** – This fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township reports the following major proprietary fund:

**Sewer** – This fund is used to account for the operations of the Township's sewer department that provides sewer services to lake residents of the Township on a user charge basis

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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Additionally, the Township reports the following fund type:

**Tax Agency Fund** – This fund is used to account for property tax collections from Orleans Township real and personal property owners and its disbursement to applicable government entities and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**Budgets and Budgetary Accounting**

Annual budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data that is reflected in the financial statements:

1. The budgets are generated with input from various department heads, clerk, treasurer, supervisor, and township trustees.
2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
5. Budget appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board. Supplemental budget appropriations were made during the year.
8. Encumbrance accounting is not utilized.

**Investments**

Investments are stated at fair value.

**Restricted Assets**

Certain proceeds of the Sewer Fund, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

**Due To and Due From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental and business activities column in the government-wide financial statements. Capital assets are also presented in the proprietary fund statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	<u>Depreciable Life-Years</u>
Sanitary sewer systems.....	40 – 60
Furniture and equipment.....	5 – 15
Building and structures.....	10 – 40
Trucks and vehicles.....	5
Machinery and equipment.....	7 – 20

**Property Taxes**

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as a revenue during the current fiscal year, and is intended to fund expenditures of the current year.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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Taxes levied on December 1 are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township and other governmental entities in the county; summer taxes are collected for school districts and the County of Ionia.

Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

**Deferred Revenue**

Government funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds are as follows:

Special assessments levied for Sewer Fund	\$ 54,588
Long-term special assessments	<u>1,765,001</u>
	<u>\$ 1,819,589</u>

**Fund Equity**

In the fund statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Proprietary funds report restricted net assets equal to restricted assets less related liabilities. The general fund of Orleans has no reservation or designations of its \$274,645 fund equity.

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

**Interfund Transactions**

Except for the transfer of \$17,271 to the Building Authority as a rental/lease payments, Orleans Township had no transfers between funds.

**Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the Township was covered by a liability and property insurance policy in the Michigan Township Participating Plan through Burnham & Flowers Insurance group. The insurance limitations are: Property, \$1,887,882; Liability, \$2,000,000; Wrongful acts, \$2,000,000. In addition, township fire equipment is insured to a maximum of \$459,480 for each occurrence. While on duty, firemen are covered for personal injury and death with a death benefit of \$200,000 and medical injury benefits up to \$100,000 per year.

**2. CASH AND DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS**

The cash and deposits, investments and restricted assets for the Township and its component unit are as follows:

	Governmental Activities	Business- type Activities	Component Unit	Agency	Total
Deposits:					
Cash and deposits	\$ 85,750	\$ 135,914	\$ 1,151	\$ 8,295	\$ 231,110
Restricted cash and deposits	-	112,774	-	-	112,774
Investments	186,258	211,051	-	-	397,309
	<u>\$ 272,008</u>	<u>\$ 459,739</u>	<u>\$ 1,151</u>	<u>\$ 8,295</u>	<u>\$ 741,193</u>

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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The carrying amount of the Township's general fund and sewer fund deposits at March 31, 2008, is \$731,747. In varying amounts, these deposits are in three (3) financial institutions located in Michigan. State policy limits the Treasurer's investing options to financial institutions located in Michigan. The Federal Deposit Insurance Corporation insures \$299,340 of the township deposits since the limit on the insurance in each bank is \$100,000. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

**Statutory Authority**

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after the date of purchase.
4. Bankers acceptances of United States banks.
5. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
6. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
7. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

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Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Orleans Township are in Category 1 and are listed as follows:

Depository	Account	Amount @ 03/31/2008
General Fund:		
Independent Bank	General fund checking account	\$ 80,787
Chemical Bank West	Act 495 deposit account	224
Chemical Bank West	General fund certificate of deposit	183,009
Chemical Bank West	Cemetery certificate of deposit	3,249
Chemical Bank	Street lighting checking account	4,739
TOTAL GENERAL FUND.....		272,008
Sewer Fund:		
First Bank West Michigan	Operations/maintenance	54,079
Independent Bank Checking	Operations/maintenance checking	17,264
Chemical Bank West	Operations/maintenance cert of deposit	137,597
First Bank West Michigan	Sewer bond payment account	175,344
Chemical Bank West	Repair/replace account cert of deposit	73,455
First Bank West Michigan	Bond reserve account	2,000
TOTAL SEWER FUND.....		\$ 459,739



# ORLEANS TOWNSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

### 3. CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	Balance April 1, 2007	Additions	Disposals	Balance March 31, 2008
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 20,000			\$ 20,000
Capital assets, being depreciated:				
Machinery, property, and equipment	426,246	20,741		446,987
Less accumulated depreciation for:				
Machinery and equipment	303,079	25,005		328,084
Total capital assets, being depreciated net	123,167	(4,264)		118,903
<b>Governmental activities capital assets, net</b>	<b>143,167</b>			<b>138,903</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	40,000			40,000
Total capital assets, not being depreciated	40,000			40,000
Capital assets, being depreciated				
Utility Systems	4,563,898	1,173		4,565,071
Office equipment	718			718
	4,564,616	1,173		4,565,789
Less accumulated depreciation for:				
Utility Systems	345,515	94,486		440,001
Office Equipment	216	144		360
	345,731	94,630		440,361
Total capital assets, being depreciated, net	4,218,885	(93,457)		4,125,428
<b>Business-type activities capital assets, net</b>	<b>\$ 4,258,885</b>			<b>\$ 4,165,428</b>

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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Depreciation expense was charged to functions/programs of the primary government as follows:

March 31, 2008

Governmental activities:

General government	\$ 8,736
Cemetery	54
Public safety	<u>16,215</u>
Total depreciation expense— governmental activities	<u>\$ 25,005</u>

Business-type activities

Sewer	<u>\$ 94,630</u>
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**4. CONTRIBUTORY PENSION PLAN**

Orleans Township contributes to a group pension plan through John Hancock Life Insurance Company. The eligible participants are elected officials and individuals appointed to an office including the fire chief, deputy fire chief, deputy treasurer, and permit officer. The Township contributes 10% of the participant's compensation. There are no contributions made by the beneficiaries. For the year ended March 31, 2008, the Township contributed \$6,638 to the pension plan.

**5. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For governmental fund bond issues after January 1, 2001, and all proprietary fund bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

The following is a summary of debt transactions of the Township for the year ended March 31, 2008:

	Balance March 31, 2007	Additions	Deletions	Balance March 31, 2008	Due Within . One Year
<b>Business-like activities:</b>					
<b>Sewer Fund</b>					
Construction Bond -- \$1,542,000 at 4.75% interest Dated November 28, 2002	\$ 1,234,500		\$ 39,500	\$1,195,000	\$ 39,500
Improvement Bond \$70,400 at 4.75 interest Dated November 28, 2002	67,000		800	66,200	800
Bricker Park Construction loan \$70,000 at 4.5% interest Dated August 5, 2005	61,113		5,000	56,113	10,000
<b>Total of business-like     activities</b>	1,362,613		45,300	1,317,313	50,300
<b>Component unit:</b>					
<b>Building Authority</b>					
Construction Bond \$250,000 at 4.75% interest Dated September 18, 2000	237,000		3,000	234,000	3,000
Construction Bond \$49,480 at 5.125% interest Dated September 18, 2000	46,780		500	46,280	600
<b>Total of component unit     activities</b>	\$ 283,780		\$ 3,500	\$ 280,280	\$ 3,600

## ORLEANS TOWNSHIP

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED MARCH 31, 2008

The annual requirements to maturity on the total long-term obligations outstanding at March 31, 2008, are as follows:

	Sewer Fund		Building Authority		Totals Reporting Entity
	Principal	Interest	Principal	Interest	
2008-2009	\$ 50,300	\$ 61,536	\$ 3,600	\$ 13,400	\$ 128,836
2009-2010	45,400	59,158	3,600	13,227	121,385
2010-2014	243,713	262,187	21,500	63,279	590,679
2015-2019	204,200	208,194	27,400	57,402	497,196
2020-2024	206,400	159,483	34,700	49,900	450,483
2025-2029	208,500	110,272	44,300	40,442	403,514
2030-2034	211,300	60,501	56,500	28,327	356,628
2035-2039	143,700	13,192	72,000	13,008	241,900
2040-2041	3,800	180	16,680	401	21,061
	<u>\$ 1,317,313</u>	<u>\$ 934,703</u>	<u>\$ 280,280</u>	<u>\$ 279,386</u>	<u>\$ 2,811,682</u>

The Township's legal debt margin is based on 10% of state equalized value. For 2008 the equalized value of Orleans Township is \$96,024,800, which makes the debt limit \$9,602,480. Revenue, special assessment, and various self supporting obligations are excluded from the state defined debt limit.

#### 6. LITIGATION

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**7. DUE FROM (TO) OTHER FUNDS**

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2008, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	\$ 6,612
Tax Agency Fund	\$ 6,612	\$ -

“Due to” and “due from” balances represent an amount in the tax-agency fund which may be transferred into the general fund.

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**8. COMPONENT UNIT – BUILDING AUTHORITY**

The general fund of Orleans Township reimburses the Building Authority for all of its expenses. These expenses consist of bond principal and interest payments and attorney and accountant fees. Given here are the financial statements of the Building Authority for the year ended March 31, 2008.

COMPONENT UNIT -- BUILDING AUTHORITY

STATEMENT OF NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2008

ASSETS:

Current assets	
Cash in bank	\$ 1,151
Interest receivable	1,108
Total current assets	<u>2,259</u>
Noncurrent assets	
Contract receivable	280,280
Township building and fire barn, net of depreciation	253,201
Total noncurrent assets	<u>533,481</u>
TOTAL ASSETS	<u>535,740</u>

LIABILITIES:

Current liabilities	
Interest payable	1,108
Bonds payable -- current portion	3,500
Total current liabilities	<u>4,608</u>
Noncurrent liabilities	
Bonds payable	<u>276,780</u>
TOTAL LIABILITIES	<u>281,388</u>

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**COMPONENT UNIT – BUILDING AUTHORITY**

**NET ASSETS:**

Capital assets, net of related debt	\$ (27,079)
Restricted net assets	280,280
Unrestricted net assets	<u>1,151</u>
<b>TOTAL NET ASSETS</b>	<b><u>254,352</u></b>

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET ASSETS**

<b>Revenues</b>	
General fund transfer in	<u>13,541</u>
Total revenues	13,541
<b>Expenses</b>	
Interest expense	13,541
Depreciation expense	<u>7,673</u>
Total expenses	21,214
<b>Changes in net assets</b>	<b><u>\$ (7,673)</u></b>

**ORLEANS TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

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**COMPONENT UNIT -- BUILDING AUTHORITY**

**SCHEDULES OF CASH RECEIPTS AND EXPENDITURES**  
For the Year ended March 31, 2008

Cash in bank, March 31, 2007	\$ 1,151
Receipts received from the general fund	
Received for bond interest payments	13,571
Received for bond principal payments	3,500
Total cash received	<u>17,071</u>
Expenditures	
Payments of bond interest expenses	13,751
Payments of bond principal	<u>3,500</u>
Total cash expended	17,071
Cash in bank, March 31, 2008	<u>\$ 1,151</u>



**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

**9. SCHEDULE OF INDEBTEDNESS – ALL FUNDS**

	Year	Interest Rate	Principal	Interest	Interest	Total
<b>SEWER FUND DEBT:</b>						
<b>Construction of Sewer</b>						
<b>Bonded indebtedness:</b>	2008/09	4.75%	39,500	28,381	27,443	95,324
<b>\$1,542,000, dated November</b>	2009/10	4.75%	39,500	27,443	26,505	93,448
<b>28, 2001. Interest rate: 4.75%</b>	2010/11	4.75%	39,500	26,505	25,567	91,572
	2011/12	4.75%	39,500	25,567	24,629	89,696
	2012/13	4.75%	39,500	24,629	23,691	87,820
	2013/14	4.75%	39,500	23,691	22,752	85,943
	2014/15	4.75%	39,500	22,752	21,814	84,066
	2015/16	4.75%	39,500	21,814	20,876	82,190
	2016/17	4.75%	39,500	20,876	19,938	80,314
	2017/18	4.75%	39,500	19,938	19,000	78,438
	2018/19	4.75%	39,500	19,000	18,062	76,562
	2019/20	4.75%	39,500	18,062	17,124	74,686
	2020/21	4.75%	39,600	17,124	16,183	72,907
	2021/22	4.75%	39,600	16,183	15,243	71,026
	2022/23	4.75%	39,600	15,243	14,302	69,145
	2023/24	4.75%	39,600	14,302	13,362	67,264
	2024/25	4.75%	39,600	13,362	12,421	65,383
	2025/26	4.75%	39,600	12,421	11,481	63,502
	2026/27	4.75%	39,600	11,481	10,540	61,621
	2027/28	4.75%	39,600	10,540	9,600	59,740
	2028/29	4.75%	39,600	9,600	8,659	57,859
	2029/30	4.75%	39,600	8,659	7,719	55,978
	2030/31	4.75%	39,600	7,719	6,778	54,097
	2031/32	4.75%	39,600	6,778	5,838	52,216
	2032/33	4.75%	39,600	5,838	4,897	50,335
	2033/34	4.75%	39,600	4,897	3,957	48,454

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
Construction of Sewer	2034/35	4.75%	39,600	3,957	3,016	46,573
Bonded Indebtedness:	2035/36	4.75%	39,600	3,016	2,076	44,692
\$1,542,000, dated November	2036/37	4.75%	39,600	2,076	1,135	42,811
28, 2001. Interest rate: 4.75%	2037/38	4.75%	39,600	1,135	195	40,930
	2038/39	4.75%	8,200	195		8,395
Subtotal			1,195,000	443,184	414,803	2,052,987

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
Construction of Sewer	2008/09	4.75%	800	1,572	1,572	3,944
Bonded Indebtedness:	2009/10	4.75%	900	1,553	1,553	4,006
\$70,400, dated November	2010/11	4.75%	900	1,532	1,532	3,964
28, 2002. Interest rate: 4.75%	2011/12	4.75%	1,000	1,510	1,510	4,020
	2012/13	4.75%	1,000	1,487	1,487	3,974
	2013/14	4.75%	1,100	1,463	1,463	4,026
	2014/15	4.75%	1,100	1,437	1,437	3,974
	2015/16	4.75%	1,200	1,411	1,411	4,022
	2016/17	4.75%	1,300	1,382	1,382	4,064
	2017/18	4.75%	1,300	1,351	1,351	4,002
	2018/19	4.75%	1,400	1,321	1,321	4,042
	2019/20	4.75%	1,500	1,287	1,287	4,074
	2020/21	4.75%	1,500	1,252	1,252	4,004
	2021/22	4.75%	1,600	1,216	1,216	4,032
	2022/23	4.75%	1,700	1,178	1,178	4,056
	2023/24	4.75%	1,800	1,138	1,138	4,076
	2024/25	4.75%	1,800	1,095	1,095	3,990
	2025/26	4.75%	1,900	1,052	1,052	4,004
	2026/27	4.75%	2,000	1,007	1,007	4,014
	2027/28	4.75%	2,100	960	960	4,020

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
Construction of Sewer	2028/29	4.75%	2,200	910	910	4,020
Bonded indebtedness:	2029/30	4.75%	2,300	857	857	4,014
\$70,400, dated November	2030/31	4.75%	2,400	803	803	4,006
28, 2002. Interest rate: 4.75%	2031/32	4.75%	2,500	746	746	3,992
	2032/33	4.75%	2,700	686	686	4,072
	2033/34	4.75%	2,800	622	622	4,044
	2034/35	4.75%	2,900	556	556	4,012
	2035/36	4.75%	3,000	487	487	3,974
	2036/37	4.75%	3,200	416	416	4,032
	2037/38	4.75%	3,300	340	340	3,980
	2038/39	4.75%	3,500	261	261	4,022
	2039/40	4.75%	3,700	178	178	4,056
	2040/41	4.75%	3,800	90	90	3,980
Subtotal			66,200	33,156	33,156	132,512
Bricker Park Sewer	2008/09	4.50%	10,000	1,284	1,284	12,568
Construction	2009/10	4.50%	5,000	1,049	1,055	7,104
Commercial loan, rate 4.55%	2010/11	4.50%	10,000	935	940	11,875
\$70,000 October 2004	2011/12	4.50%	5,000	708	712	6,420
	2012/13	4.50%	10,000	597	597	11,194
	2013/14	4.50%	5,000	367	369	5,736
	2014/15	4.50%	11,113	253	254	11,620
Subtotal			56,113	5,193	5,211	66,517
Total Sewer Fund Debt			1,317,313	481,533	453,170	2,252,016

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
COMPONENT UNIT						
BUILDING AUTHORITY						
Building Construction Bond	2008/09	4.75%	3,000	5,557	5,486	14,043
US Department of Agriculture --	2009/10	4.75%	3,000	5,486	5,415	13,901
Rural Development	2010/11	4.75%	3,000	5,415	5,344	13,759
September 18, 2000	2011/12	4.75%	3,000	5,344	5,272	13,616
\$ 250,000 Interest Rate: 4.75%	2012/13	4.75%	4,000	5,272	5,177	14,449
	2013/14	4.75%	4,000	5,177	5,083	14,260
	2014/15	4.75%	4,000	5,083	4,988	14,071
	2015/16	4.75%	4,000	4,988	4,893	13,881
	2016/17	4.75%	4,000	4,893	4,797	13,690
	2017/18	4.75%	5,000	4,798	4,679	14,477
	2018/19	4.75%	5,000	4,679	4,560	14,239
	2019/20	4.75%	5,000	4,560	4,441	14,001
	2020/21	4.75%	5,000	4,441	4,323	13,764
	2021/22	4.75%	6,000	4,323	4,180	14,503
	2022/23	4.75%	6,000	4,180	4,038	14,218
	2023/24	4.75%	6,000	4,038	3,895	13,933
	2024/25	4.75%	6,000	3,895	3,753	13,648
	2025/26	4.75%	7,000	3,753	3,586	14,339
	2026/27	4.75%	7,000	3,586	3,420	14,006
	2027/28	4.75%	7,000	3,420	3,254	13,674
	2028/29	4.75%	8,000	3,254	3,064	14,318
	2029/30	4.75%	8,000	3,064	2,874	13,938
	2030/31	4.75%	9,000	2,874	2,660	14,534
	2031/32	4.75%	9,000	2,660	2,446	14,106

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
Building Construction Bond	2032/33	4.75%	9,000	2,446	2,232	13,678
US Department of Agriculture --	2033/34	4.75%	10,000	2,232	1,995	14,227
Rural Development	2034/35	4.75%	10,000	1,995	1,757	13,752
September 18, 2000	2035/36	4.75%	11,000	1,757	1,496	14,253
\$ 250,000 Interest Rate: 4.75%	2036/37	4.75%	11,000	1,496	1,235	13,731
	2037/38	4.75%	12,000	1,235	950	14,185
	2038/39	4.75%	13,000	950	641	14,591
	2039/40	4.75%	13,000	641	332	13,973
	2040/41	4.75%	14,000	332	-	14,332
Subtotal			234,000	117,824	112,266	464,090

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
Building Construction Bond	2008/09	5.125%	600	1,186	1,171	2,957
US Department of Agriculture --	2009/10	5.125%	600	1,171	1,155	2,926
Rural Development	2010/11	5.125%	600	1,155	1,140	2,895
September 18, 2000	2011/12	5.125%	700	1,140	1,122	2,962
\$ 49,480 Interest Rate: 5.125%	2012/13	5.125%	700	1,122	1,104	2,926
	2013/14	5.125%	700	1,104	1,086	2,890
	2014/15	5.125%	800	1,086	1,065	2,951
	2015/16	5.125%	800	1,065	1,045	2,910
	2016/17	5.125%	800	1,045	1,024	2,869
	2017/18	5.125%	900	1,024	1,001	2,925

**ORLEANS TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2008**

		Interest				
	Year	Rate	Principal	Interest	Interest	Total
Building Construction Bond	2018/19	5.125%	900	1,001	978	2,879
US Department of Agriculture –	2019/20	5.125%	1,000	978	953	2,931
Rural Development	2020/21	5.125%	1,000	953	927	2,880
September 18, 2000	2021/22	5.125%	1,100	927	899	2,926
\$ 49,480 Interest Rate: 5.125%	2022/23	5.125%	1,100	899	871	2,870
	2023/24	5.125%	1,200	871	840	2,911
	2024/25	5.125%	1,300	840	807	2,947
	2025/26	5.125%	1,300	807	773	2,880
	2026/27	5.125%	1,400	773	737	2,910
	2027/28	5.125%	1,500	737	699	2,936
	2028/29	5.125%	1,500	699	661	2,860
	2029/30	5.125%	1,600	661	620	2,881
	2030/31	5.125%	1,700	620	576	2,896
	2031/32	5.125%	1,800	576	530	2,906
	2032/33	5.125%	1,900	530	481	2,911
	2033/34	5.125%	2,000	481	430	2,911
	2034/35	5.125%	2,100	430	376	2,906
	2035/36	5.125%	2,200	376	320	2,896
	2036/37	5.125%	2,300	320	261	2,881
	2037/38	5.125%	2,400	261	199	2,860
	2038/39	5.125%	2,500	199	135	2,834
	2039/40	5.125%	2,600	135	69	2,804
	2040/41	5.125%	2,680	69	-	2,749
Subtotal			46,280	25,241	24,055	95,576
Total Building Authority Debt			280,280	143,065	136,321	559,666
Total Debt			1,597,593	624,598	589,491	2,811,682

## **GENERAL FUND**

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The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Safety, Public Works, Recreation and Culture and Other.

The legal level of budgetary control of the General Fund is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

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**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2008**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE (NEGATIVE)</u>
REVENUES:				
TAXES				
Current property taxes	\$ 75,300	\$ 75,300	\$ 68,356	\$ 6,944
Delinquent property taxes	-	-	6,050	6,050
TOTAL TAXES	<u>75,300</u>	<u>75,300</u>	<u>74,406</u>	<u>(894)</u>
LICENSES AND PERMITS				
Licenses and permits	<u>1,344</u>	<u>1,344</u>	<u>900</u>	<u>(444)</u>
STATE SOURCES				
State revenue sharing	<u>193,000</u>	<u>193,000</u>	<u>188,237</u>	<u>(4,763)</u>
CHARGES FOR SERVICES				
Land division application fees	1,000	1,000	200	(800)
Street lighting	7,200	7,200	6,331	(869)
Cemetery	13,650	13,650	8,241	(5,409)
Telecom	0	0	4,508	4,508
Cable franchise	7,000	7,000	4,682	(2,318)
Landfill surcharge	<u>11,000</u>	<u>11,000</u>	<u>11,787</u>	<u>787</u>
TOTAL CHARGES FOR SERVICES	<u>39,850</u>	<u>39,850</u>	<u>35,749</u>	<u>(4,101)</u>
FINES AND FORFEITURES				
Ordinance violation fines	<u>3,000</u>	<u>3,000</u>	<u>1,107</u>	<u>(1,893)</u>
INVESTMENT EARNINGS				
Interest on deposits	<u>15,000</u>	<u>15,000</u>	<u>14,113</u>	<u>(887)</u>



**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2008**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
<b>OTHER REVENUE</b>				
Refunds and rebates	1,000	1,000	13,369	12,369
Library special fund	1,000	1,000	280	(720)
Fire department revenue	1,000	1,000	1,465	465
Library grant	1,000	1,000	1,000	-
Other revenue	16,400	16,400	159	16,241
<b>TOTAL OTHER REVENUE</b>	20,400	20,400	16,273	(4127)
<b>TOTAL REVENUES</b>	\$ 347,894	\$ 347,894	\$ 330,785	\$ (17,109)
<b>EXPENDITURES</b>				
<b>LEGISLATIVE</b>				
Township board	\$ 17,275	\$ 17,513	\$ 13,961	\$ 3,552
<b>GENERAL GOVERNMENT</b>				
Supervisor	12,861	12,861	10,313	2,548
Elections	3,100	3,934	3,492	442
Assessor	18,600	18,600	16,020	2,580
Clerk	20,055	20,055	15,785	4,270
Board of review	2,450	2,450	1,528	922
Treasurer	24,643	24,693	22,711	1,982
Townhall	9,200	9,221	5,640	3,581
Pension plan	7,000	7,000	5,239	1,761
Employment taxes	6,700	6,700	5,038	1,662
Inspections	1,100	1,143	648	495
Building lease	17,800	17,800	17,271	529
<b>Total general government</b>	123,509	124,457	103,685	20,772

**ORLEANS TOWNSHIP****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND****FOR THE YEAR ENDED MARCH 31, 2008**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
PUBLIC SAFETY				
Township deputy	30,000	30,000	29,621	379
Fire department	35,925	53,412	54,220	(808)
Ambulance	17,000	17,000	12,907	4,093
Total public safety	<u>82,925</u>	<u>100,412</u>	<u>96,748</u>	<u>3,664</u>
PUBLIC WORKS				
Drains	1,500	1,758	1,758	-
Road work	69,300	72,622	71,711	911
Street lighting	7,400	7,559	7,358	201
Total public works	<u>78,200</u>	<u>81,939</u>	<u>80,827</u>	<u>1,112</u>
RECREATION AND CULTURE				
Community library	5,075	6,950	6,979	(29)
Recreation and parks	1,000	1,000	12	988
Total recreation and culture	<u>6,075</u>	<u>7,950</u>	<u>6,991</u>	<u>959</u>
CEMETERY				
Cemetery	<u>24,900</u>	<u>24,912</u>	<u>16,547</u>	<u>8,365</u>
PLANNING				
Planning Commission	<u>4,100</u>	<u>5,011</u>	<u>2,306</u>	<u>2,705</u>

**ORLEANS TOWNSHIP**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND**

**FOR THE YEAR ENDED MARCH 31, 2008**

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>POSITIVE (NEGATIVE)</u>
INSURANCE				
Insurance	12,000	14,112	14,112	-
TOTAL EXPENDITURES	348,984	376,306	335,177	41,129
REVENUE OVER (UNDER) EXPENDITURES	(1,090)	(28,412)	(4,392)	24,020
NET CHANGE IN FUND BALANCE	(1,090)	(28,412)	(4,392)	24,020
FUND BALANCE, BEGINNING OF YEAR	279,037	279,037	279,037	-
FUND BALANCE, END OF YEAR	\$ 277,947	\$ 250,625	\$ 274,645	-

**Lawrence Tiejema, PC    Certified Public Accountant**  
**31 E. Main Street, Saranac, MI 48881    616-642-0384**  
**fax: 616-642-0610    email: [tiej@sbcglobal.net](mailto:tiej@sbcglobal.net)**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

August 9, 2008

The Township Board  
Orleans Township  
Ionia County, Michigan

I have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Township of Orleans, State of Michigan, as of and for the year ended March 31, 2008, which collectively comprise Orleans Township's basic financial statements and have issued a report thereon dated August 9, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, I considered Orleans Township's control over financial reporting as basis for designing my auditing procedures for the purposes of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Orleans Township's internal control over financial reporting

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

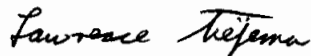
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

I noted no material weaknesses in the internal control system of Orleans Township. However, I did note three significant deficiencies that are described in the attached schedule that are titled 2008-1, 2008-2 and 2008-3.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orleans Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the township board officers, bond and credit holders, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Lawrence Tiejema, PC.

August 9, 2008

## **SCHEDULE OF SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL**

### **ORLEANS TOWNSHIP – YEAR ENDED MARCH 31, 2008**

- 2008-1:** Township accounting personnel do not prepare the accruing entries necessary for the preparation of the government-wide statements. They rely on the auditor to make all of these adjustments.
- Township response: Township accounting personnel will receive training in completing the accruing entries needed for the government-wide statements so that these entries can be prepared by township personnel for the next audit.
- 2008-2:** The Township operates under traditional purchasing guidelines developed in practice, and it does not have a formal, written purchasing policy that defines comparison pricing as required by the Michigan Department of Treasury.
- Township response: The township board will adopt a purchasing policy that calls for competitive pricing for goods and services that exceed a defined threshold amount.
- 2008-3:** The Township does not have a procedure for recording capital assets that cost \$1,000 or more and maintaining these assets in a fixed-asset schedule.
- Township response: The township will record all capital assets with a cost of \$1,000 or more in separate accounts. Township personnel will receive the training necessary to keep and update the fixed-asset schedule.